

Maricopa County	Internal Policy	Number: B1001
Policy	Title: Budgeting for Results Accountability Policy	Issue Date: June 1994
Policy Category: Management & Budget	Initiating Department: Office of Management & Budget	Revision: No.6
Reviewed by: Cynthia Goelz	Approved by:	Revision Date: August 31, 2011

A. Purpose

The purpose of the Budgeting for Results Accountability Policy is to provide guidelines and direction on managing Board-approved budgets to elected, appointed and judicial branch agencies so that they can be accountable and comply with the law.

B. Introduction

A.R.S. §42-17106 specifies that the County may not incur expenditures in excess of the amounts appropriated by the Board of Supervisors in the annual budget. A Special District may not exceed its duly adopted budget without an action by its Board of Directors amending its budget. The Budgeting for Results Accountability Policy provides Departments/Special Districts with flexibility in managing their allocated public resources in order to achieve results for customers while upholding accountability for spending within legal appropriations.

C. Definitions

Appropriation Adjustment: A change in an appropriated budget, which must be approved by the Board of Supervisors/Board of Directors.

Appropriated Budget: A budget legally adopted by the Board of Supervisors/Board of Directors, which authorizes expending funds or incurring obligations for a specific purpose, referred to as "budget items" in A.R.S. §42-17106. Appropriations may be set at different levels as directed by the Board of Supervisors/Board of Directors.

Appropriation Level: The level of detail to which a budget is appropriated by the Board of Supervisors/Board of Directors, such as by department and fund, project, activity, etc.

Department: All County/District departments, including elected and judicial branch agencies and/or offices as well as appointed departments and/or offices.

Detailed Budget: The detailed budget plan within an appropriated budget. In Maricopa County, detailed budgets are specified by month, function, organizational unit, program/activity/service, object/source, and position.

Function: Classification of expenditures and revenues according to whether they are recurring vs. non-recurring (including projects).

Special District: Special Districts for which the Maricopa County Board of Supervisors acts as the District Board of Directors, including the Flood Control, Library, and Stadium Districts.

D. Policy Guidelines

1. The Office of Management and Budget shall validate that all detailed budget adjustments balance and reconcile to appropriations set by the Board of Supervisors/Board of Directors.

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2. All budgets are appropriated and controlled by the Board of Supervisors/Board of Directors at the level of department, fund, and function. Where applicable, appropriation levels may be established by program/activity, or object of expenditure.
3. Appropriated budgets are not guaranteed from one fiscal year to the next. Each year, appropriated budgets for each department shall be recommended by the Office of Management and Budget according to the *Budgeting for Results Policy Guidelines (B1006)*.
4. Departments shall develop and maintain detailed revenue and expenditure budgets that will be loaded into the main financial system. Detailed budgets will be prepared by month, function, organizational unit, program/activity/service, object/source and position according to instructions developed by the Office of Management and Budget. Detailed budgets shall exactly equal appropriated budgets approved by the Board of Supervisors/Board of Directors. The Office of Management and Budget shall validate that all detailed budget adjustments balance and reconcile to appropriations set by the Board of Supervisors/Board of Directors.
5. Appropriated budgets shall be changed during the fiscal year only with Board of Supervisors/Board of Directors approval. Departments may request amendments to appropriated budgets supported by grants, donations or intergovernmental agreements when expenditures from these sources are forecasted to exceed the appropriation. Such requests must be supported by an updated reconciliation of all revenue sources that demonstrates the proposed expenditure level is fully funded. Appropriated budgets must be reduced if revenue is forecasted to be significantly less than the current budget.
6. The Board of Supervisors/Board of Directors must approve all changes in project appropriations. All requests for changes in project appropriations must be accompanied by a request for Board of Supervisors/Board of Directors approval to amend the relevant five-year capital improvement program or other project plan approved by the Board of Supervisors/Board of Directors.
7. In order to maximize results, departments have the flexibility to incur expenditures that vary from their detailed budgets for the remainder of the current fiscal year, so long as they comply with the appropriated budget. This flexibility is accompanied by the responsibility to produce expected results while absorbing unanticipated spending increases. If a department requests an appropriated budget increase or contingency transfer for an unanticipated spending increase, the Board of Supervisors/Board of Directors may adopt appropriated budgets for that department at the level of program/activity and/or object of expenditure.
8. All positions must be fully funded in accordance with the *Funded Positions Policy (B3001)*. In order to create new positions, departments must first verify full-year funding. If a position loses funding, it shall be identified and eliminated.
9. Departments shall not recommend for approval any agreements that commit the County/Special District to expenditures for which funding is not identified in future years. Departments shall verify funding for all purchase requisitions or other contracts or agreements.
10. Department expenditures and revenues shall be monitored and reported on a monthly basis throughout the fiscal year. The Department of Finance shall prepare and submit to the Board a monthly (except July) summary of budget variances by major fund and department or by lower appropriation level, and Office of Management and Budget will investigate any negative year-to-date variances.

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11. Any departments with a negative year-to-date expenditure or revenue variance in the General and/or Detention Funds must provide a written explanation and corrective action plan to the Department of Finance and the Office of Management and Budget. Upon request, a written explanation and corrective action plan may also be required for negative variances in other funds. The Office of Management and Budget and the Department of Finance will review and approve all corrective action plans, and report them to the Board once they are finalized.
12. If there is a significant risk that a department will exceed its appropriated budget, the Board of Supervisors/Board of Directors may adopt appropriated budgets for that department at the level of program/activity and/or object of expenditure.
13. Departments shall not exceed their appropriated expenditure budgets. Departments shall be required to reduce expenditures to offset any shortfall in their budgeted revenue. At the close of the fiscal year, the Department of Finance will prepare and submit to the Board of Supervisors/Board of Directors a comprehensive report of audited actual expenditures and expenditures relative to all department appropriated budgets. The report will include an explanation of each instance in which expenditures exceeded appropriated budgets.
14. If a department exceeds its annual appropriated expenditure budget or creates County liabilities that result from audit findings for which the County is responsible, the department's expenditures will be reviewed by the Office of Management and Budget to identify the causes of the overrun. The Office of Management and Budget will report its findings, along with a recommended corrective action plan, to the Board of Supervisors/Board of Directors. Corrective action plans may include (but will not be limited to) adopting appropriated budgets for that department at the level of program/activity and/or object of expenditure and a reduction of the department's appropriated budget in the subsequent fiscal year in an amount up to the amount of the overrun in the prior fiscal year.
15. In accordance with the *Policy for Internal Information Requests* (A2007), the total costs associated with fulfilling a records request under that policy shall be charged against the budget of the department making the request. The total costs shall include staff time (calculated by adding up staff time used to gather and prepare Records for production multiplied by the hourly rate paid to the employee or employees, plus employee-related costs), fees charged by vendors or contractors for services relating to the gathering and/or preparation of Records for production, and the expense of supplies used in gathering and/or preparing Records for production. The County Manager, at his sole discretion, has the authority to waive the transfer of costs per this paragraph if the total cost of fulfilling the records request is less than \$1,000.